



Business Climate Survey South Korea



Business Climate Survey for Swedish companies in South Korea 2026

A report from Team Sweden in South Korea

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Key contributors to this report

Business Sweden in South Korea

Embassy of Sweden in South Korea

Swedish Chamber of Commerce in Korea



56 respondents

(total +2,250 respondents for 41 markets)

Current business climate

30%

of Swedish companies report a positive view of the business climate

Industry turnover

73%

of Swedish companies expect their industry turnover to increase

Future investments

38%

of Swedish companies plan to increase their investments slightly or significantly in the next 12 months

Valued success factors in South Korea

1. Partnerships
2. Brand awareness
3. Sales competence

Brand Sweden

83%

of Swedish companies in South Korea consider Brand Sweden beneficial for business

Highest valued local conditions that meet business needs

1. Physical infrastructure
2. Digitalisation
3. Personal safety

Largest perceived trade barriers

1. Labour market regulation
2. Licences, permits and approvals processes
3. Transparency and equal treatment

Environmental considerations

59%

of respondents believe the environment is a factor in their customers' purchasing decisions

Corruption

4 corruption exposure cases reported

Human rights violations and labour rights abuses

2 human or labour rights abuse cases reported

Foreword

The Republic of Korea is a globally significant economy and an increasingly important partner for Swedish business. As the world's 12th-largest economy, with a GDP of approximately USD 1.8–1.9 trillion, South Korea plays a central role in global value chains and industrial systems. The country combines democratic values, a highly educated and dedicated workforce, and strong technological capability with a clear ambition to position itself as a leading global technology, industrial, and security power. South Korea is among the world's most trade-dependent advanced economies.

Sweden and South Korea share a well-established and growing trade relationship centred around high-value industrial goods and advanced technologies. Swedish exports to South Korea amounted to approximately USD 1.7–1.8 billion in 2024, while South Korea's exports to Sweden reached around USD 1.4 billion. Trade flows are dominated by sectors such as automotive, machinery, advanced materials, and life science products, reflecting strong complementarities between the two economies. Despite this solid foundation, there remains significant untapped potential for further expanding bilateral trade and investment.

Sweden and South Korea possess complementary strengths that create a strong basis for deeper collaboration. South Korea has significant industrial capabilities across strategic sectors including semiconductors, batteries, automotive, shipbuilding, robotics, artificial intelligence, and advanced manufacturing. These industries are deeply embedded in international value chains, making South Korea a key player in the development and scaling of future technologies. At the same time, the country's leadership in digital adoption and consumer markets, combined with its strong global soft power, reinforces its position as one of the world's most dynamic and innovative markets.

In parallel, South Korea faces a number of structural challenges that will shape its future competitiveness. Demographic trends, including a rapidly declining birth rate and a shrinking workforce, are accelerating the need for automation, AI adoption, and productivity improvements. At the same time, geopolitical tensions and increasing fragmentation in global trade are driving South Korea to diversify its partnerships and strengthen supply chain security. In this context, technological leadership is increasingly viewed not only as a competitive advantage but also as a key element of national resilience and security.

We would like to extend our sincere gratitude to all companies that have contributed to this year's survey. Your insights are essential to developing a comprehensive and forward-looking understanding of the opportunities and challenges for Swedish businesses in South Korea, and support continued bilateral collaboration efforts.



H.E. Karl-Olof Andersson
Ambassador of Sweden to
the Republic of Korea,
Embassy of Sweden in Seoul



Jessica Olsson
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South Korea,
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Grace Oh
Chairperson
Swedish Chamber of
Commerce in Korea

Executive summary

South Korea's economy is expected to recover in 2026, supported by export-driven growth and improving consumer demand. At the same time, structural constraints, particularly related to the construction sector and demographic trends, continue to limit domestic activity, resulting in an uneven recovery across sectors.

This uneven recovery reflects the underlying structure of the Korean economy, which remains highly export-oriented and sensitive to global economic conditions. Developments in exchange rates, equity markets, and industrial performance highlight how shifts in external demand and risk sentiment are quickly transmitted into the domestic economy. As a result, growth is increasingly concentrated in a limited number of sectors, particularly advanced manufacturing and semiconductors, while domestically driven segments continue to lag.

Against this macroeconomic backdrop, Swedish companies report improving performance and stronger demand expectations in 2026. A majority of respondents indicate profitability and expect increased industry turnover, reflecting stabilising market conditions and recovering demand. However, these improvements are not evenly distributed. Performance remains closely linked to sector exposure, with companies operating in export-oriented and consumer-facing segments performing more strongly, while those linked to domestic investment cycles face more constrained conditions.

This pattern is also reflected in the broader business environment. The overall business climate is perceived to be improving, with more balanced sentiment compared to 2025. South Korea continues to offer strong operating conditions, particularly in infrastructure, digitalisation, and safety. At the same time, regulatory complexity, labour market constraints, and local requirements remain key challenges affecting business operations and market entry.

In this context, how companies operate in the market becomes increasingly important. Swedish companies typically rely on strong local partnerships, brand positioning, and commercial capabilities to succeed. With relatively lean local organisations focused on sales and customer engagement, many companies depend on local networks to navigate regulatory complexity and market-specific conditions.

Reflecting these market dynamics, investment intentions show a cautious but continued commitment. While many companies maintain or increase investment levels, there is a clear shift towards more selective and risk-aware strategies. Investment decisions are increasingly shaped by sector-specific dynamics, demand visibility, and external uncertainty rather than overall market growth.

At the same time, sustainability continues to be a relevant but secondary factor in the Korean market. While environmental considerations are increasingly recognised, price sensitivity and limited regulatory incentives mean that sustainability rarely acts as a decisive factor in customer purchasing decisions.

Looking beyond near-term conditions, South Korea is strengthening its position in a range of strategically important industries, including batteries, semiconductors, defence, energy, and life sciences. This reinforces the country's role in global value chains and creates opportunities for collaboration in areas where Swedish companies have competitive strengths, such as advanced materials, energy systems, digitalisation, and sustainable solutions.

Overall, South Korea remains a highly relevant but increasingly complex market for Swedish companies. Opportunities are strongest in sectors aligned with the country's export model and industrial priorities, while demand conditions remain uneven across the broader economy.

For Swedish companies, success will increasingly depend on a selective and adaptive approach — aligning with key growth drivers, leveraging local partnerships, managing exposure to external risks, and prioritising segments with clear demand potential.

About the survey

A Team Sweden collaboration

The annual Business Climate Survey is conducted globally by Business Sweden, Swedish Chambers of Commerce, and Swedish embassies and consulates in selected markets to assess the local business environment and the performance of Swedish companies. The survey provides a valuable basis for comparing opportunities and challenges across markets and supports business leaders in making informed strategic decisions.

In South Korea, the Business Climate Survey was first conducted in 2009 and has been carried out annually since 2014. The 2026 survey was conducted in February 2026, reflecting company performance in 2025. Respondents primarily comprise C-level executives and country representatives of Swedish companies with an established presence in South Korea through direct entry modes such as subsidiaries, branches, or sales offices. The report covers the economic outlook, market conditions, company performance, and key focus industries, as well as upcoming Team Sweden activities to support Swedish businesses in South Korea.

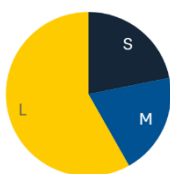
Industrial and mature companies lead the respondent base

Out of 118 eligible companies, 56 responded, corresponding to a response rate of 47 per cent. At this level, the survey results carry a margin of error of approximately 10 per cent at a 95 per cent confidence level, meaning the findings are expected to fall within this range in 95 per cent of cases.

The respondent base for the 2026 survey shows both sectoral and size-related concentration. Industrial companies account for 67 per cent of respondents (up from 64 per cent in 2025), while consumer-oriented firms and professional services represent 14 per cent and 18 per cent, respectively. In terms of company size, the share of medium-sized companies has increased to 20 per cent, while small companies have declined to 22 per cent; large companies remain stable at 58 per cent.

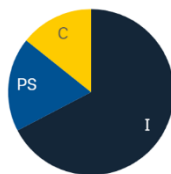
The survey also reflects a progressively more mature market presence. The share of new entrants has declined from 24 per cent to 18 per cent, accompanied by a higher proportion of companies with longer operational experience in Korea. As a result, the findings are primarily shaped by companies with established local operations, long-term planning horizons, and deeper market understanding. This implies that the survey insights predominantly reflect priorities related to performance optimisation, investment planning, and long-term positioning, rather than initial market-entry considerations.

Size of companies



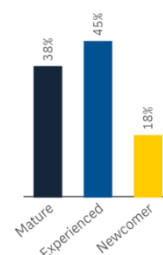
NOTE: Global employees. Large >1000. Medium 250-1000. Small 0-249

Main industry



NOTE: Industrial 67%. Professional services 18%. Consumer 14%.

Age of companies



NOTE: Mature (<-2004). Experienced (2003-2020). Newcomer (2021-)

Economic outlook

Exports and consumption support South Korea's moderate growth outlook

South Korea's economic growth is expected to recover to around 2 per cent in 2026, supported by private consumption and export-oriented manufacturing. The IMF maintains a 2026 growth forecast of 1.9 per cent and has raised its inflation forecast to 2.5 per cent, reflecting higher energy costs and elevated uncertainty linked to the Middle East situation.

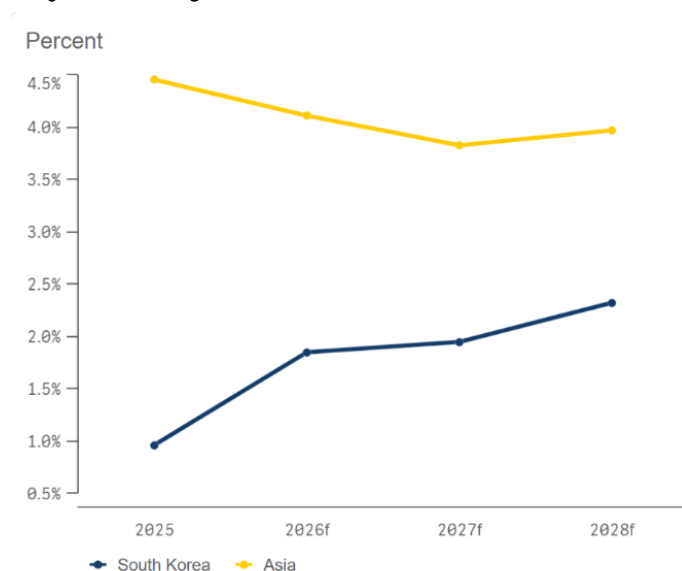
South Korea's growth model remains highly export-driven, with strong dependence on global demand and concentrated in a limited number of key industries. External risks remain a key factor for the near-term outlook. In particular, higher energy costs have contributed to inflationary pressure, and the IMF has revised its inflation forecast upwards. Financial markets have also shown sensitivity to geopolitical developments. The Korean won has weakened against the US dollar during periods of heightened uncertainty, reflecting capital flow volatility and increased risk aversion. At the same time, movements in the exchange rate may partially support export competitiveness, given South Korea's strong reliance on external demand.

Equity markets have shown significant volatility over the same period. The KOSPI index has fluctuated in response to changes in global risk sentiment, declining during periods of heightened geopolitical tension and recovering as expectations for export performance improved, particularly in the semiconductor sector. These developments underline the sensitivity of the Korean economy to global cycles, where shifts in external demand and risk sentiment are quickly reflected in financial markets and economic activity.

A key constraint on the economic outlook is the continued weakness in South Korea's construction sector. Construction investment has declined over recent quarters and remains a major drag on overall economic growth. This reflects higher financing costs, tighter lending conditions for development projects, and weaker housing demand, particularly outside the Seoul metropolitan area. As a result, the recovery in South Korea is likely to remain uneven, with construction-related activities continuing to act as a constraint on domestic demand.

The outlook points to a recovery supported by export momentum, while domestic activity remains uneven across sectors. Growth remains concentrated in export-oriented industries, while domestically driven sectors continue to lag.

Projected GDP growth in South Korea



SOURCE: Oxford Economics, GDP, constant prices and exchange rate, US\$. Last update: 20 March 2026

Swedish companies report improving performance and a more optimistic demand outlook

Swedish companies operating in South Korea report stronger performance in 2026, with 64 per cent of respondents indicating profitability and 73 per cent expecting increased industry turnover over the coming 12 months.

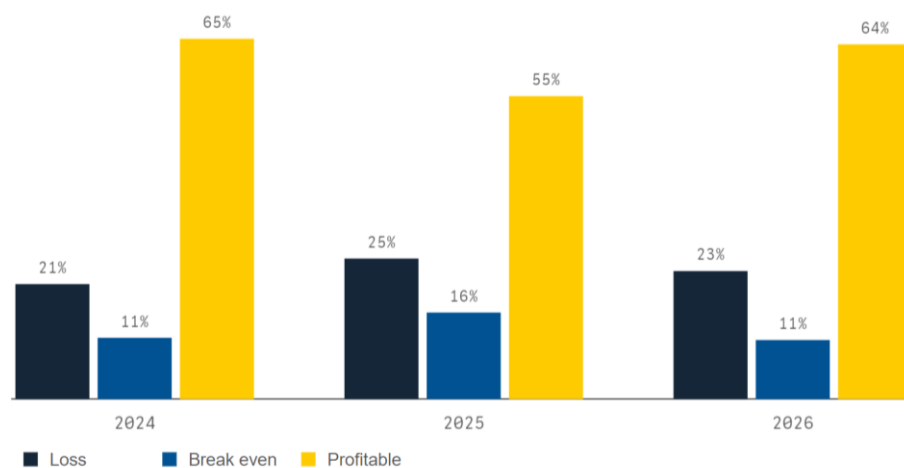
The more positive outlook follows a period of weaker sentiment in 2025, when political uncertainty, softer domestic demand, and increased cost pressure contributed to a more challenging operating environment. In particular, higher energy prices and inflation affected margins, while weaker activity in construction and more cautious investment behaviour weighed on business performance.

The improvement in 2026 reflects a combination of factors. Stabilising macroeconomic conditions and a gradual recovery in consumer demand have supported business activity, while continued strength in export-oriented industries — particularly manufacturing and semiconductors — has helped drive improved performance among internationally exposed companies.

At the same time, the results point to an uneven recovery across sectors and business models. Companies with stronger exposure to external demand and consumer-driven segments report more favourable outcomes, while activities linked to domestic investment and construction remain more constrained. This suggests that the current improvement is linked to specific growth drivers rather than a broad-based recovery across the entire economy.

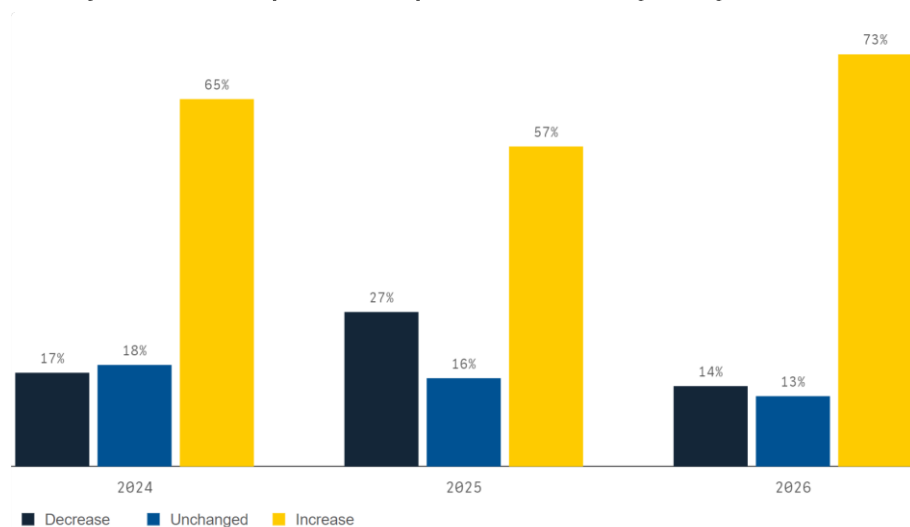
Performance in the Korean market is increasingly shaped by sector exposure and alignment with key demand drivers. Companies operating in export-linked or demand-driven segments may benefit from the current recovery, while those relying more on domestic investment cycles may continue to face headwinds. As a result, companies may need to adopt a more selective approach to growth, prioritising segments with clearer demand visibility and adapting to the uneven pace of recovery across sectors.

How would you describe your company's financial performance in South Korea?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in South Korea regarding turnover?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Investment plans indicate a stable outlook in 2026

Investment plans among survey respondents point to a stable overall outlook for 2026. In total, 50 per cent of respondents expect investment levels to remain broadly unchanged, while 38 per cent plan to increase investment and 11 per cent expect to reduce investment or exit the market. Compared with 2024 and 2025, this reflects a lower share of companies planning to increase investment and a larger share indicating stable investment levels.

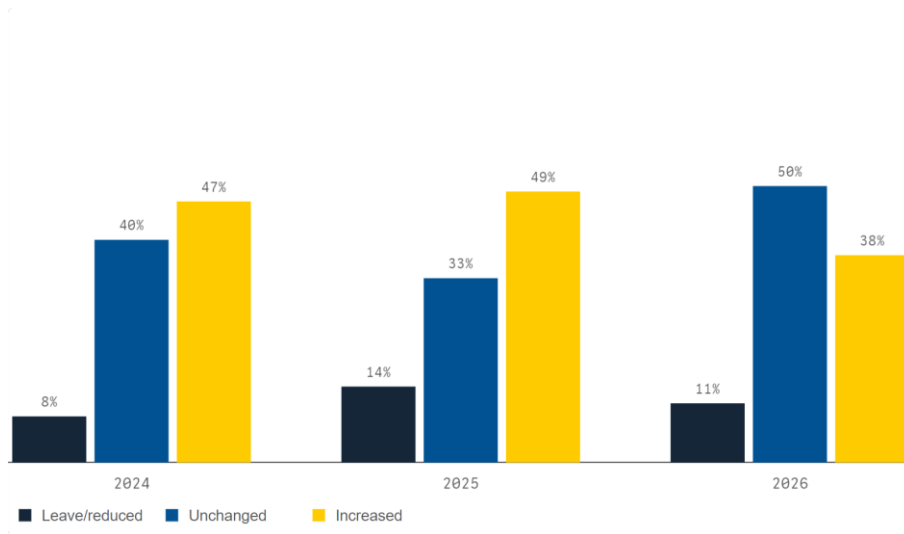
Reductions in planned investment are more visible in certain groups. Among professional services companies, 22 per cent expect to significantly reduce investment. Experienced companies also stand out, with 16 per cent planning to significantly reduce investment and 4 per cent indicating plans to exit the market. At the same time, a number of segments continue to show growth-oriented behaviour. Among small companies, 58 per cent plan to slightly increase investment, while consumer-oriented companies report the highest share of increasing investment at 71 per cent. Industrial companies show a more stable profile, with 58 per cent expecting investment levels to remain unchanged.

Taken together, the results suggest a shift from expansion-driven investment behaviour towards a more cautious and selective approach, where companies balance stability with targeted growth in specific segments. The variation across company types and industries indicates that investment dynamics are increasingly shaped by sector-specific conditions rather than broad market trends.

The external environment also remains a contributing factor. The IMF and OECD highlight that investment conditions continue to be influenced by external risks, including geopolitical developments, trade policy uncertainty, energy price volatility, and the ongoing weakness in the construction sector.

For Swedish companies, this implies that investment decisions are increasingly shaped by uncertainty and sector-specific dynamics. While opportunities for growth remain, particularly in consumer-oriented sectors, companies may adopt a more measured approach, focusing on targeted investments, operational efficiency, and phased expansion strategies rather than large-scale commitments.

What are your company's investment plans for the coming 12 months in South Korea, compared to the past 12 months?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

The market

Business climate perception improves in 2026

In the 2026 survey, 30 per cent of respondents assess the business climate in South Korea as good or very good, while 43 per cent report a neutral view and 25 per cent describe it as poor or very poor.

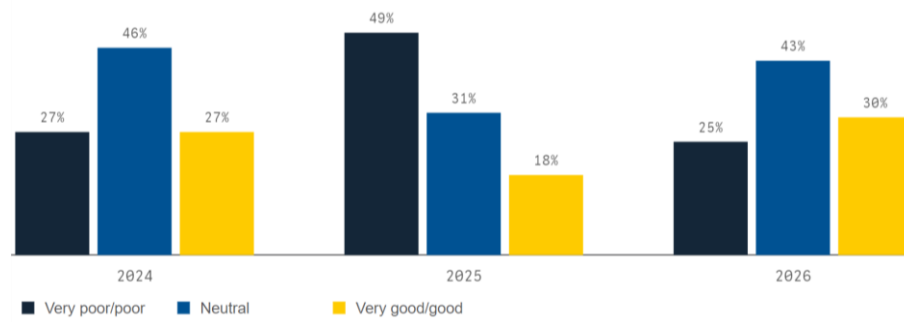
Compared with 2025, the share reporting a positive business climate has increased from 18 per cent to 30 per cent, while negative assessments have declined from 49 per cent to 25 per cent. Neutral responses have increased from 31 per cent to 43 per cent.

The distribution in 2026 is closer to 2024 levels, when positive and negative assessments stood at 27 per cent, and neutral responses accounted for 46 per cent. This indicates a shift towards a more balanced distribution following weaker sentiment in 2025.

The pattern is consistent across company sizes and levels of market maturity. Differences are more pronounced across industries, where consumer-oriented companies report the highest share of positive assessments, at 57 per cent, followed by professional services at 44 per cent and industrial companies at 24 per cent.

The improvement in sentiment may reflect stabilising market conditions and a recovery in business confidence, particularly in sectors more closely linked to consumer demand. At the same time, the high share of neutral responses indicates that uncertainty remains, and that many companies continue to adopt a cautious view of the market environment. While overall business conditions are perceived to be improving, the market remains uneven across sectors and sensitive to changes in demand and regulatory conditions. As a result, companies may need to balance growth ambitions with a measured approach to investment and expansion.

How do you perceive the current business climate in South Korea?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Market conditions remain stable, with operational strengths and regulatory constraints

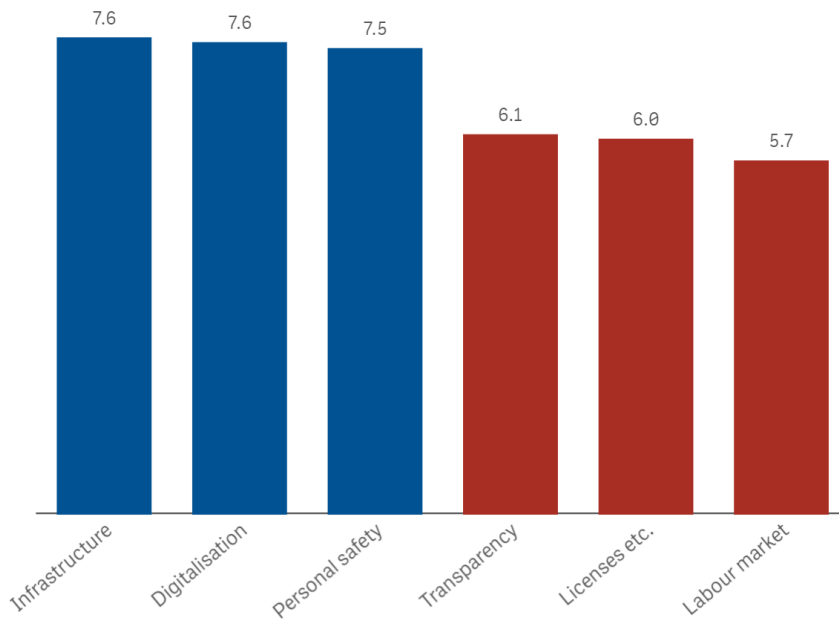
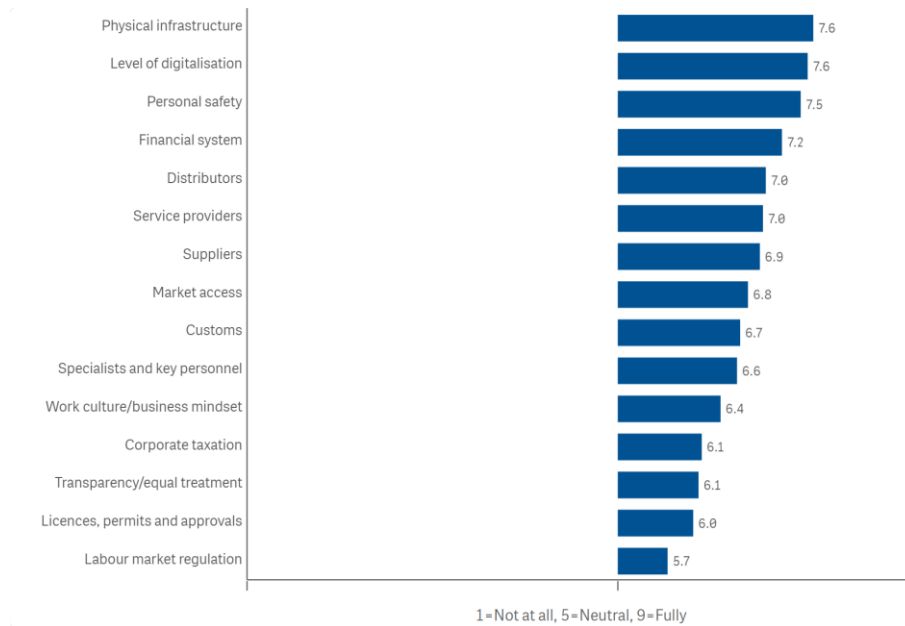
Swedish companies report a stable assessment of operating conditions in South Korea. Core conditions supporting day-to-day operations receive consistently high scores, while regulatory and administrative areas are rated lower.

Physical infrastructure and level of digitalisation receive the highest scores, both at 7.6, followed by personal safety at 7.5 and the financial system at 7.2. Distributors and service providers are rated at 7.0, and suppliers at 6.9.

Lower scores are observed in areas related to regulation and administration. Labour market regulation is the lowest rated factor at 5.7, followed by licences, permits, and approvals at 6.0. Corporate taxation and transparency and equal treatment are both rated at 6.1. This reflects a regulatory environment characterised by detailed compliance requirements and market-specific standards.

South Korea offers strong conditions for operational execution, while regulatory and administrative requirements remain more demanding. For Swedish companies, this implies the need for additional resources and local expertise to manage compliance and market entry processes.

How well do the following conditions meet the needs of your company in South Korea?



NOTE: The number of respondents for this question was 56.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026.

Trade barriers remain concentrated in local requirements and regulations

Trade barriers reported by Swedish companies in South Korea are primarily linked to non-tariff measures, particularly local requirements and regulatory conditions. The share of companies reporting local requirements as a barrier has increased to 29 per cent in 2026, up from 17 per cent in 2025. Regulatory barriers are reported by 24 per cent of respondents, while barriers related to state aid and subsidies are reported by 20 per cent.

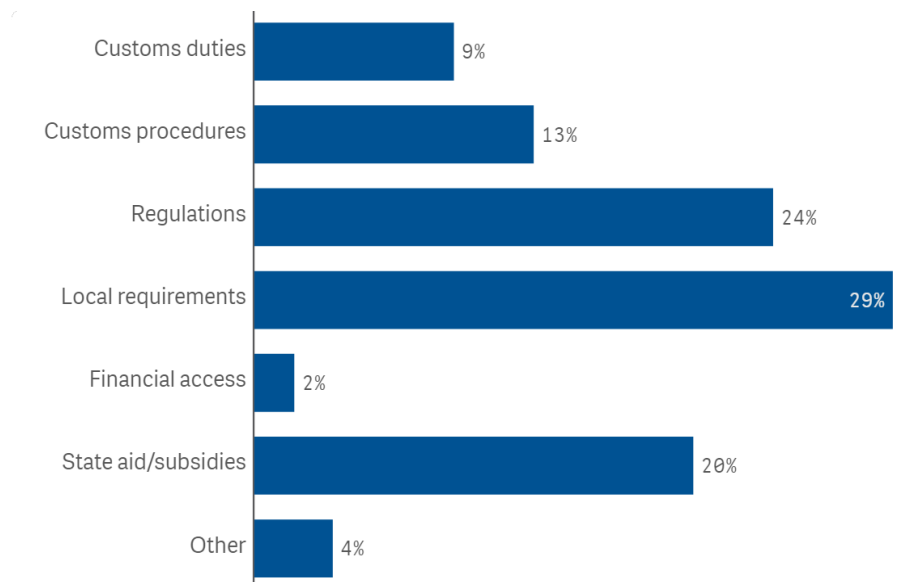
Differences are observed across company size and industry groups. Small companies report the highest exposure to local requirements, while medium-sized and large companies more frequently report barriers related to state aid and subsidies. Consumer-oriented companies report the highest overall exposure to trade barriers, particularly in areas related to regulations and local requirements.

Despite the EU–South Korea Free Trade Agreement eliminating tariffs on most goods, companies must meet administrative requirements related to origin documentation and compliance in order to benefit from preferential treatment in practice. For companies with complex supply chains or limited experience with free trade agreements, these requirements may represent a practical barrier.

Overall, the findings indicate that trade barriers in South Korea are primarily driven by localisation requirements, regulatory complexity, and administrative processes rather than tariff levels. The increase in local requirements suggests that compliance-related activities are becoming a more regular part of operations, particularly for smaller companies with limited resources.

For Swedish businesses, this may result in higher fixed compliance costs, longer lead times for market entry, and increased reliance on local partners to manage regulatory processes and market access requirements. In segments where state aid and subsidies are more visible, this may also contribute to increased competitive pressure, particularly in price-sensitive parts of the market.

Has your company in the past year encountered trade barriers in South Korea with a noticeably negative impact on operations, in any of the following areas?



NOTE: The number of respondents for this question was 56.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Recruitment challenges remain significant despite active hiring

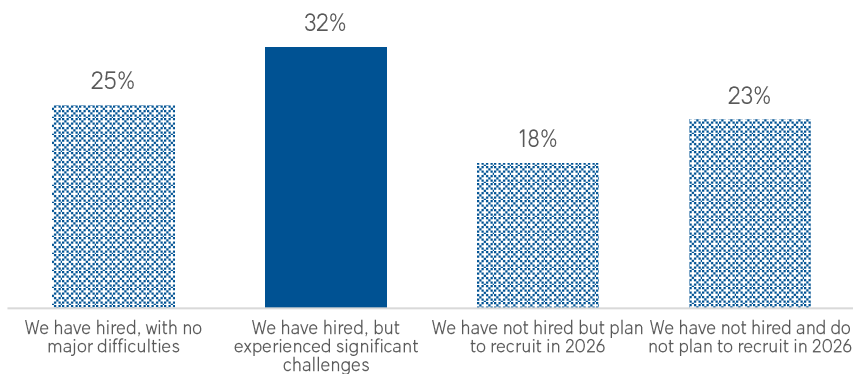
Hiring activity among Swedish companies in South Korea remains high. In the past twelve months, 57 per cent of respondents report having recruited of which 32 per cent experienced significant challenges, corresponding to more than half of the companies that have hired, while 25 per cent reported limited difficulties.

Access to suitable candidates is identified as the main challenge, reported by 94 per cent of companies experiencing recruitment difficulties. High salary expectations are reported by 44 per cent, while 33 per cent report a lack of technical skills. Other challenges include organisational fit and role alignment.

Companies that have not recruited show mixed expectations, with 18 per cent planning to recruit in 2026 and 23 per cent not expecting to do so.

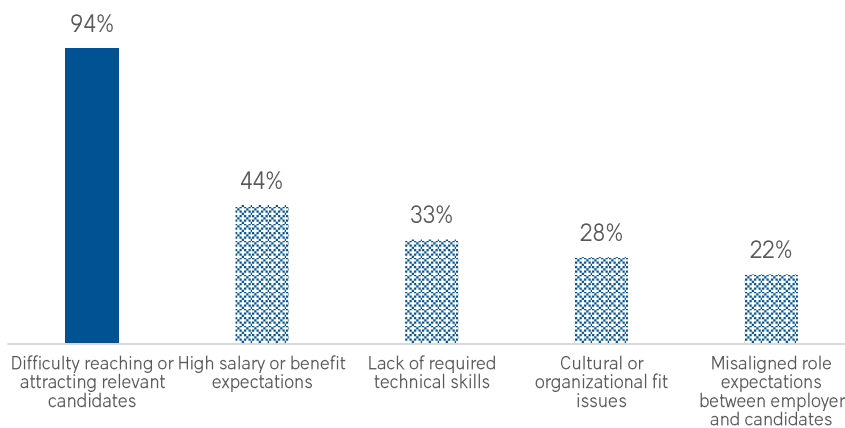
These findings indicate that access to suitable talent remains a key constraint for Swedish companies in South Korea. In practice, recruitment may require increased time and resources, particularly for companies operating with small local teams. This may affect hiring timelines, increase operational pressure on existing staff, and limit the pace of expansion in the market.

How would you describe your company's hiring activity and experience over the past 12 months?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure. SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026.

What were the main challenges your company encountered in recruitment?



NOTE: The number of respondents for this follow-up question was 18. Respondents could choose up to 3 options. SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026.

How Swedish companies succeed in South Korea

The Swedish business community in South Korea is long-established and leanly structured

Swedish companies operating in South Korea are typically large and have long experience in the market. Many have been present for decades, with local operations organised around focused country teams.

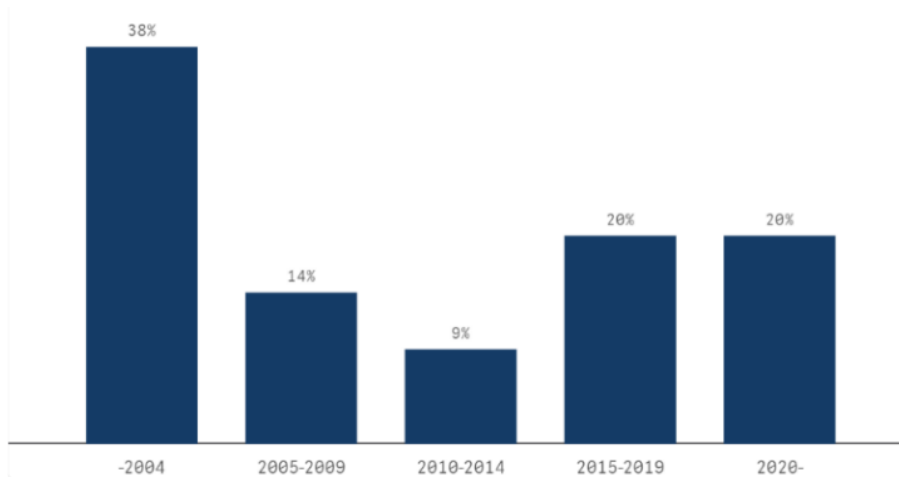
In terms of market entry, 52 per cent of respondents established operations before 2010, while 29 per cent entered between 2010 and 2019. A smaller share, 20 per cent, have entered the market during or after 2020.

Local employment levels remain modest. While 57 per cent of respondents have more than 1,000 employees globally, 94 per cent report fewer than 250 employees in South Korea, and 76 per cent operate with fewer than 50 local employees. Only 6 per cent report a local workforce above 250 employees.

A direct local presence is the most common approach, reported by 45 per cent of respondents. In addition, 29 per cent describe South Korea as a priority growth market, while 18 per cent manage Korea as an APAC regional hub. Joint market management is less common, with 14 per cent managing South Korea as part of a Greater China structure and 11 per cent together with Japan.

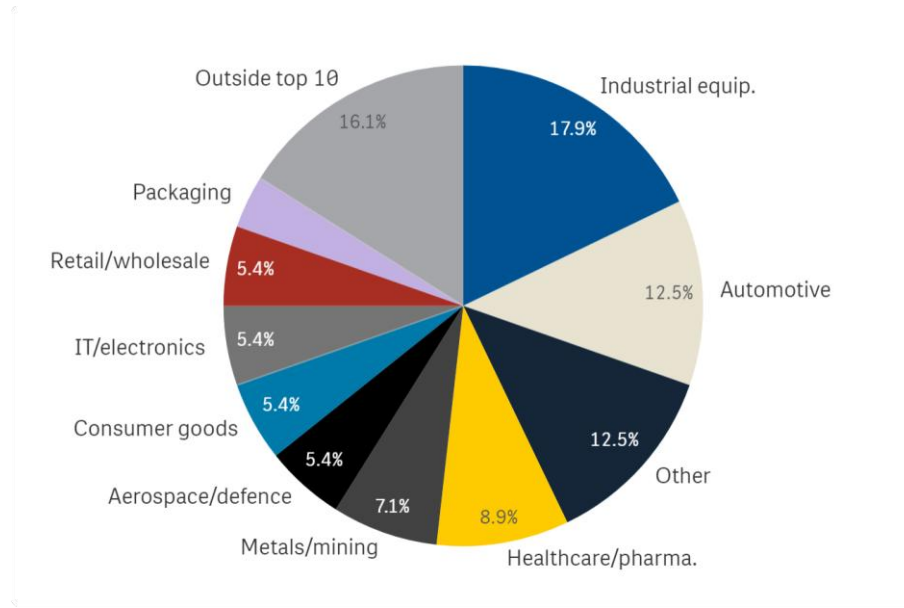
Overall, Swedish companies tend to operate with established structures and relatively small local teams.

In what year did your company establish operations in South Korea?



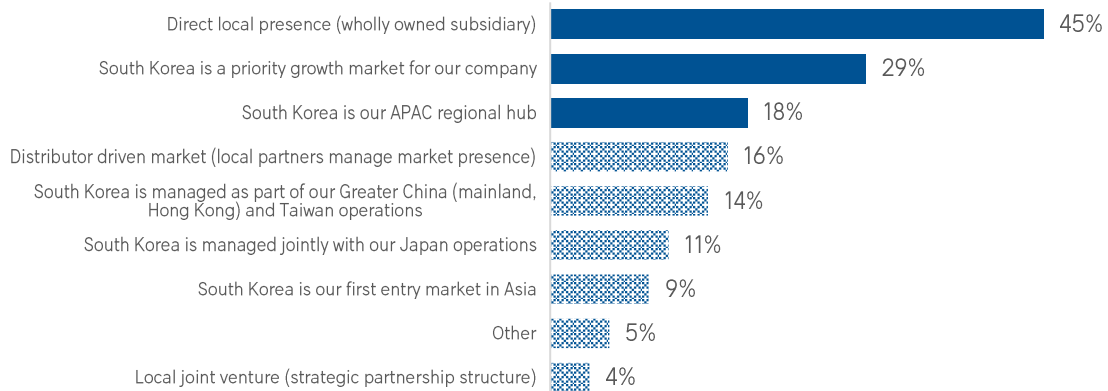
NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

What is your company's main industry in South Korea?



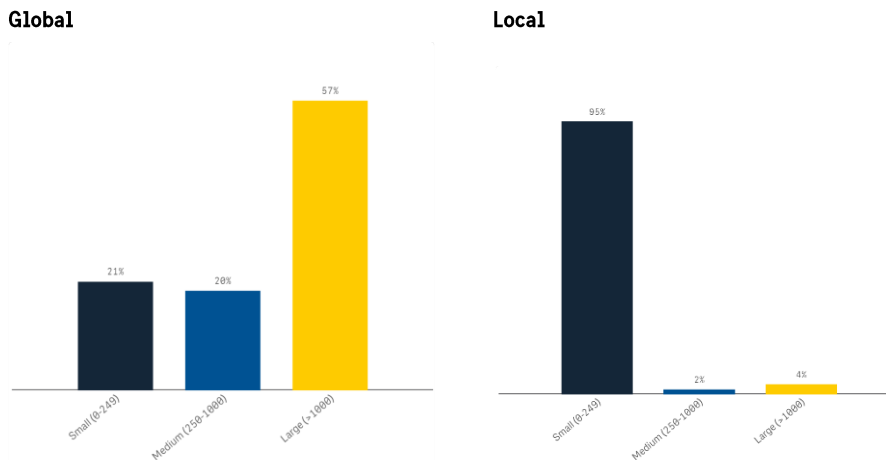
NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

How is the South Korean market positioned or managed within your company's global or regional structure?



NOTE: The number of respondents for this question was 56. Respondents were asked to choose all that apply.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Swedish firms in South Korea's global and local number of employees in 2026



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Sales-driven operations drive competitiveness

Swedish companies' operational footprint in South Korea is primarily focused on market-facing activities. Marketing and sales are the most common functions, reported by 88 per cent of respondents, followed by after-sales and customer support at 43 per cent and manufacturing and assembly at 32 per cent.

Other activities are less prevalent. Provision of services is reported by 18 per cent of respondents, while research and development accounts for 16 per cent. Sourcing and trading play a limited role, at 9 per cent.

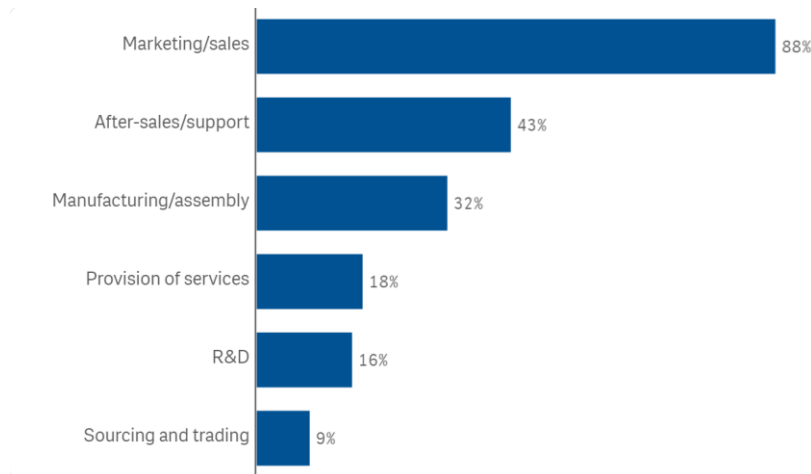
This structure reflects a market where local presence is often focused on sales, distribution, and customer engagement, while production and R&D activities are typically located outside South Korea.

The factors identified as most important for maintaining competitiveness reflect this operational profile. Partnerships and relationships rank highest at 46 per cent, followed by brand awareness at 43 per cent and sales competence at 41 per cent. Collaboration and client feedback are reported by 39 per cent of respondents.

Strong partnerships are particularly important in South Korea, reflecting a relationship-driven business environment. Collaboration with local counterparts supports market access and facilitates entry into the market. In many industries, working with local partners, such as distributors, is common due to regulatory requirements, market access conditions, and language considerations.

Among other factors, product development is reported by 29 per cent, while cost efficiency is cited by 27 per cent of respondents. Sustainability is reported by 18 per cent, alongside staff development at 16 per cent and digitalisation and e-commerce at 11 per cent. Service development and public affairs remain less frequently cited factors.

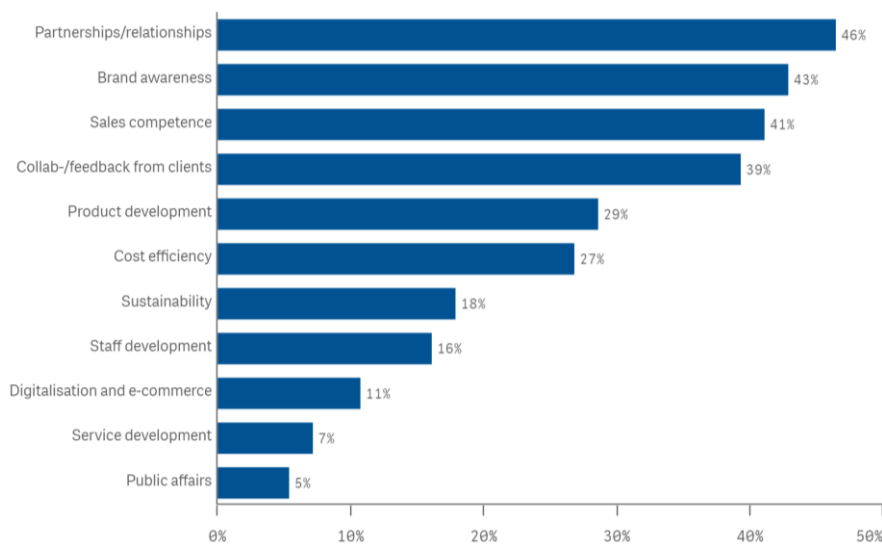
Operations of Swedish firms in the market



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

To date, which of the following areas have been important in maintaining competitiveness in South Korea?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Brand Sweden continues to support Swedish companies in South Korea

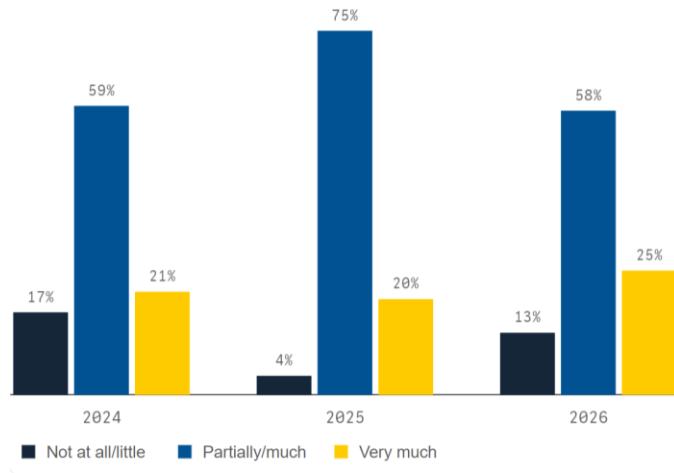
The Swedish brand contributes to business performance for most Swedish companies in South Korea. In 2026, 83 per cent of respondents report that Brand Sweden contributes to their business, down from 95 per cent in 2025 but above the level reported in 2024.

The change reflects a shift in how the brand is perceived. The share of respondents reporting a moderate contribution ('partially' or 'much') has declined from 75 per cent in 2025 to 58 per cent in 2026. At the same time, the share reporting 'not at all' or 'little' has increased from 4 per cent to 13 per cent, while the share reporting 'very much' has increased from 20 per cent to 25 per cent. This indicates a more polarised distribution, with fewer companies reporting a moderate impact and a growing share reporting either limited or strong effects.

Cross-industry variation is limited, while differences are more pronounced across company sizes. Small companies report the strongest brand impact, with 42 per cent reporting 'very much', compared with 18 per cent of medium-sized companies and 23 per cent of large companies. Medium-sized companies are more concentrated in the mid-range categories.

Brand Sweden remains a relevant factor for companies operating in South Korea and provides a structured framework for communication and positioning in the market.

To what extent would you estimate that the “Swedish brand” contributes to your business in South Korea?



NOTE: The number of respondents for this question was 56. “Don't know/Not applicable” responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Acting sustainably

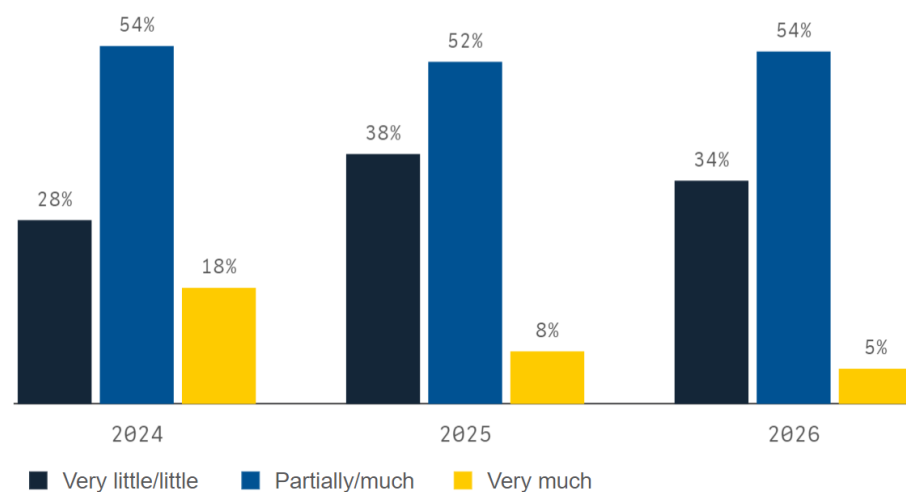
Sustainability plays a limited role in customer purchasing decisions

In South Korea, environmental aspects are considered in purchasing decisions but rarely act as a decisive factor. In 2026, 54 per cent of respondents report that customers consider environmental aspects to some extent, while only 5 per cent indicate that sustainability is a decisive factor in purchasing decisions.

Most responses are concentrated in the middle categories across all three years. At the same time, the share reporting that sustainability is a decisive factor has declined from 18 per cent in 2024 to 8 per cent in 2025 and 5 per cent in 2026.

This indicates that sustainability remains a relevant consideration but not a decisive driver in the Korean market. Respondents also highlight limited regulatory incentives or requirements, which may affect customer willingness to absorb higher costs associated with sustainable products and services.

To what extent do customers in South Korea consider environmental aspects of a product or service in their purchasing decision?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

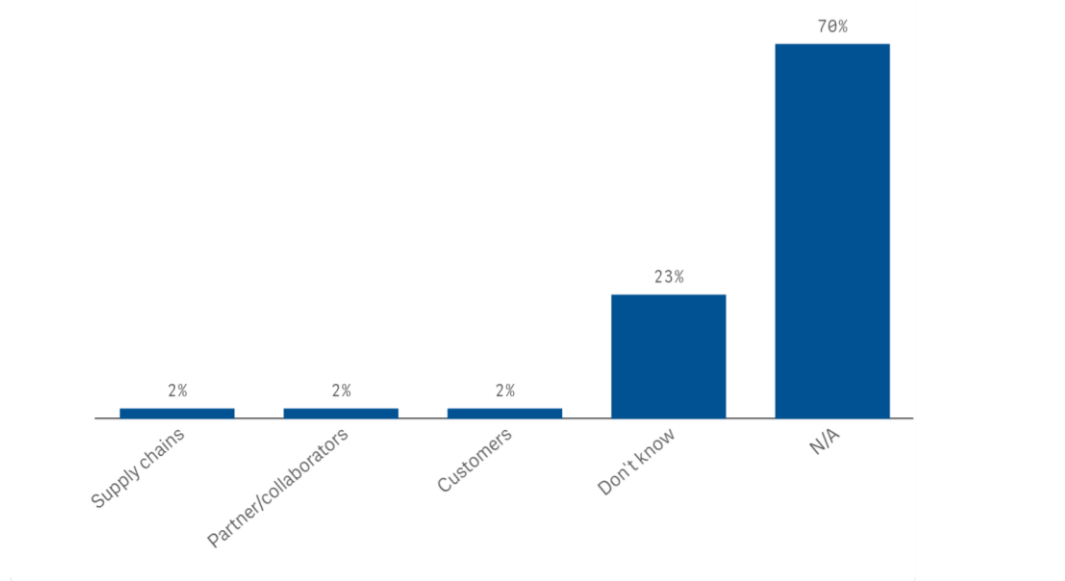
Encounters with human rights violations and labour rights abuses remain limited

Encounters with human rights violations and labour rights abuses are limited among Swedish companies operating in South Korea. In 2026, 70 per cent of respondents report that these issues are not applicable to their business, while a further 23 per cent state that they have no knowledge of any such cases.

Reported encounters are limited to three instances, corresponding to a total of 6 per cent across categories. Each category is reported by 2 per cent of respondents, covering supply chains, partners or collaborators, and customers. In 2025, reported encounters were limited to a total of 2 per cent.

The reported cases are primarily associated with business-to-business interactions.

Has your company in South Korea encountered any form of human rights violations and/or labour rights abuses in contacts with any of the following areas?



NOTE: The number of respondents for this question was 56. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in South Korea 2026

Industries in focus and upcoming activities

The eight key industries highlight areas where Swedish strengths and Korean demand are highly complementary, offering significant potential for long-term growth and collaboration. Team Sweden plays a central role in facilitating this by promoting bilateral trade and investment and supporting Swedish companies through targeted initiatives and partnerships.

Battery

South Korea is a major producer of lithium-ion batteries, with leading companies such as Samsung SDI and LG Energy Solution. The industry is expanding beyond electric vehicles into applications such as energy storage systems (ESS), robotics, drones, and data centres. The country continues to strengthen its position across the battery value chain through industrial development and international collaboration. Investment across the sector is also increasing, supported by both private and public initiatives aimed at scaling next-generation battery technologies. This development is increasing demand for technologies in areas such as materials, recycling, and sustainable solutions. Swedish companies have capabilities in these areas that are relevant to the Korean battery sector.

Swedish Battery Delegation to InterBattery 2027

Business Sweden will organise a Swedish battery delegation to position Sweden as a leader in electrification. The delegation will bring together innovative battery companies and key stakeholders to build strategic networks with Korea's leading players across the full battery value chain, with the aim of developing concrete business opportunities. InterBattery is South Korea's largest battery exhibition, serving as a key platform for industry engagement across the battery value chain, including applications in mobility, energy systems, and emerging technologies. The programme will include participation under a national pavilion at InterBattery, business meetings and networking activities with Korean industry stakeholders.

Defence

South Korea's defence industry has expanded rapidly, supported by government investment and a strong domestic industrial base. Korean companies offer competitive systems with relatively short delivery times and flexible financing solutions. Platforms such as the K2, K9, and KF-21 have attracted international interest. In addition, Korea is strengthening capabilities across aerospace, naval systems, missiles, and cyber defence, with companies such as Hanwha Aerospace, Hyundai Rotem, and LIG Nex1 playing key roles. Development is increasingly focused on areas such as unmanned systems, AI-enabled technologies, and advanced sensors. Development is focused on advanced technologies, including unmanned systems, AI-enabled platforms, space-defence integration, and advanced sensors. This creates opportunities for collaboration in areas such as systems integration, advanced materials, electronics, and dual-use technologies.

Swedish Defence delegation to KADEX 2026

Business Sweden will organise a Swedish delegation to engage with leading Korean defence companies, including Hanwha Aerospace, Hyundai Rotem, and LIG Nex1, with the aim of strengthening industry collaboration and exploring concrete business opportunities in areas such as land systems, digital defence technologies, and AI-enabled solutions. Business Sweden Seoul will leverage the KADEX, one of the most prestigious defence exhibitions both in scope and scale, as the platform to promote Swedish defence capabilities, provide insights into South Korea's rapidly growing defence market, strengthen Sweden-Korea defence industry collaboration, and develop new business opportunities for Swedish companies in South Korea and across global defence supply chains.

Energy

South Korea is accelerating its energy transition, with targets to increase the share of renewable energy and achieve carbon neutrality by 2050. This is driving continued investment in renewable generation and low-carbon infrastructure. At the same time, electricity demand is increasing, supported by the expansion of semiconductor clusters and AI data centres. Power demand is concentrated in the Greater Seoul region, while a significant share of renewable generation is located in southern parts of the country. This creates structural challenges related to grid capacity, stability, and system integration. These conditions create opportunities for solutions in grid infrastructure, energy storage, energy management, and efficiency. Swedish companies have capabilities in these areas that are relevant to Korea's energy system development.

Life Science

South Korea has developed a strong life sciences and biotechnology sector, supported by government policy, advanced manufacturing capabilities, and competitive industry players. Ongoing investments and regulatory developments continue to support innovation and international collaboration. Demographic trends, including a low birth rate and an ageing population, are increasing demand for healthcare services and solutions. The country offers capabilities across research, clinical development, and large-scale manufacturing, supported by hospitals and established commercialisation pathways. Digital infrastructure and access to healthcare data also support developments in areas such as AI-based applications. For Swedish companies, co-development, clinical validation, and market expansion are a few examples of opportunities for collaboration in South Korea.

Semiconductor

South Korea is one of the world's largest semiconductor producers, with a strong position in memory technologies such as DRAM and NAND. Demand is increasing, driven by growth in AI applications and advanced memory solutions. At the same time, South Korea is expanding into system and logic semiconductors, supported by government initiatives and large-scale industrial investment, including the development of a semiconductor cluster in Gyeonggi Province. This development is increasing activity across the semiconductor value chain. Opportunities are emerging in areas such as infrastructure, equipment, testing environments, and energy-efficient technologies. Swedish companies have capabilities in these areas that are relevant to Korea's semiconductor sector.

Space

South Korea's space sector is a growing national priority, supported by government initiatives and institutional developments, including the establishment of the Korea AeroSpace Administration (KASA) in 2024. The country is developing capabilities across launch, satellite systems, and ground infrastructure, supported by milestones such as the launch of the Nuri rocket. Demand is increasing in areas such as satellite systems, navigation, launch services, and space data applications. The sector is also seeing growing participation from domestic industry players, including Hanwha Aerospace and Korea Aerospace Industries (KAI), alongside increased international collaboration. Swedish companies with capabilities in advanced components, propulsion, materials, and space-related technologies have opportunities in the market.

Transportation

South Korea's transportation sector is undergoing a transition towards electrification and digitalisation, supported by a strong industrial base and advanced manufacturing capabilities. In automotive, growth is driven by developments in batteries and semiconductors, enabling the expansion of electric vehicles and software-defined mobility. In maritime, focus is shifting towards low-emission solutions, including alternative fuels such as hydrogen and ammonia. In rail, infrastructure investments, including projects such as GTX, are increasing demand for modern and efficient transport systems. In aviation, developments include sustainable aviation fuel (SAF) and new mobility solutions, including urban air mobility. These developments create opportunities across multiple areas of mobility where Swedish companies have relevant capabilities.

Try Swedish (Food and Beverage)

South Korea is a mature and trend-driven food and beverage market, characterised by high consumer awareness and rapid adoption of new consumption patterns. In recent years, demand has shifted towards products perceived as healthier, functional, and premium, reflecting broader lifestyle and demographic changes. Consumer preferences are strongly influenced by global trends and digital channels, accelerating the adoption of new product categories. Approximately 20 Swedish food and beverage brands are present in the market, particularly in selected premium and niche segments. At the same time, the market remains highly competitive, with strong local players and strict regulatory requirements. This places importance on local partnerships, product adaptation, and market knowledge.

Swedish Food Business Delegation 2026 to South Korea and Japan

The Swedish Food Business Delegation will take place in November 2026, covering both South Korea and Japan. The programme is designed to support Swedish food and beverage companies in engaging with key stakeholders across two major Asian markets. Participants will take part in curated activities including market briefings, company and retail visits, and pre-arranged business matchmaking with selected partners. The programme also includes networking events with local buyers, importers, and distributors, providing insights into consumer trends and market entry conditions. The delegation aims to facilitate business development, strengthen market understanding, and support companies in identifying concrete opportunities in South Korea and Japan.

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